

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 3, 2003

SUBJECT: Fiscal Impact Statement: "Fiscal Year 2004 Budget Support Act of 2003"

REFERENCE: Bill 15-218 as Amended by the Council

Conclusion

The Fiscal Year 2004 Budget Support Act of 2003 implements the FY 2004 through FY 2007 budget and financial plan as agreed upon by the Mayor and the Council of the District of Columbia. The estimated overall net increase to the General Fund¹, including proprietary, dedicated non-tax² revenue is \$0.05 million in FY 2004 and \$0.26 million in FY 2004 through FY 2007. The estimated amounts converted from property sale proceeds, fees for services, and federal payments, to dedicated non-tax accounts is \$16.05 million in FY 2004 and \$64.26 million in FY 2004 through FY 2007.

Implementation of the proposed legislation will require the establishment of six dedicated non-tax accounts and add three new or amended dedicated non-tax revenue streams to existing accounts. Each of these accounts will be controlled by the agencies. **Diverting existing General Fund revenue directly to dedicated non-tax accounts will reduce General Fund revenue currently used to offset existing District programs and operations.** Provisions of the proposed legislation require certain amounts of these funds to lapse to the General Fund. The table in Figure 1 presents the titles and descriptions of these new accounts and sources and re-direction of revenue.

¹ SOAR Fund 0100; District specific revenue and appropriated funds.

² SOAR Fund 0600; "Other" type funding.

Figure 1.

Treatment of Dedicated Non-Tax Accounts				
Title	Agency	Account Title	Comment	Revenue Stream Structure
II (A)	DHCD	(New) Sale Proceeds of Bundled District Property	Funded from the net proceeds of bundled sale of District property.	All funds in the account in excess of \$1 million lapse to the General Fund.
V	E-911	Emergency and Non-Emergency Number Telephone Calling System	Funded from a tax on telecommunications (existing account applied to this title).	All revenue collected from this source is non-lapsing non-reverting.
VI (B)	DOH	(New) Two Wetland and Stream Mitigation Funds	Collects fees from penalties and permits.	May be expended in year funds are collected with 90% lapsing to General Fund at the end of the following fiscal year.
VI (C)	DDOT	Local Roads and Construction Fund	Collects fees for public space rental, parking and storing tax, and parking meter revenue.	Revenue in excess of \$30 million will lapse into the General Fund at the end of every fiscal year.
VII	Fire/EMS	(New) Fire and Emergency Medical Services Training Fund	Collects fees charged for training personnel from outside entities or gov't.s	May be expended in year funds are collected with 90% lapsing to General Fund at the end of the following fiscal year.
VIII	OCPO	(New) DCSS Sales Discount and Operating Fund	Funded from the rebates and discounts resulting from supply schedule purchases.	May be expended in year funds are collected with 90% lapsing to General Fund at the end of the following fiscal year.
IX	OCC	(New) Child Support Enforcement Fund	Captures SSA IV-D funds for Child Support Enforcement Operations.	Funds are non-lapsing and non-reverting. Funds are to remain available until fully expended.
XIII	OP	(New) Public Planning Capital Project Fund	Discretionary fund to offset costs of preparation and development of public planning studies.	Capital funding does not lapse or revert to the General Fund.

Anti-deficiency laws, 31 USCA § 1341 (2000) and D.C. Official Code § 47-355.01 *et sequitur* (2003), prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Should the District determine that funding is available to absorb the additional costs in FY 2004, then the fiscal impact would be zero. For subsequent years, the additional expenditures must be included as budgeted expenditures.

The purpose and the impact of each title of the Fiscal Year 2004 Budget Support Act is summarized below and in the following pages.

Title I – Reprogramming Policy Act of 1980 Amendment Act of 2003:

Background

The purpose of the proposed title is to amend the Reprogramming Policy Act of 1980³. This title will increase the reprogramming threshold of the District of Columbia Board of

³ This title will conform current law with federal law by amending D.C. Official Code § 47-363(h) to comply with Public Law 108-7 § 109.

Education, and the Board of Trustees of the University of the District of Columbia. Currently, any proposed reprogramming above \$50,000 requires Congressional notification. The proposed title will increase that threshold to \$1 million.

Financial Plan Impact

The proposed title has no material impact on the cost of services provided by the District of Columbia and has no effect on local General Fund revenue. This provision has no fiscal impact.

Title II – Housing and Economic Development Amendments

Subtitle A – Vacant and Abandoned Properties Amendment Act of 2003:

Background

The proposed title amends the Vacant and Abandoned Properties Community Development Act⁴ to provide the authority for the Mayor to use the proceeds from the sale of property bundled and disposed of to finance or subsidize the sale of future sales of bundled property.

The proposed legislation establishes a separate dedicated non-tax account to be funded with these particular sales proceeds; however, the balance may not exceed \$1 million. Provisions of the proposed title require that funds from the dedicated non-tax account be expended to finance or subsidize the sale of other bundled properties and acquire additional parcels of property.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. It is assumed that the fund balance limitation is an incentive to expend deposited net proceeds otherwise they will lapse to the local General Fund at year's end.

Subtitle B – Housing Notice Amendment Act of 2003:

Background

The proposed title provides clarification as to the type of commercial multi-family dwelling that is subject to D.C. Official Code § 42-2851.03 *et sequitur* which requires specific notice if an owner decides to exercise the option to discontinue participation in a

⁴ Bill 14-675; Act 14-579 effective July 7, 2002.

federally-assisted housing program. Specifically, the title extends the definitions to include participants in all federal Housing and Urban Development Section 8 programs. In addition, the one-year notification will not be required for properties that ceased to be considered federally assisted housing prior to April 19, 2002.

Financial Plan Impact

The proposed title has no fiscal impact. The provisions of this legislation concern parties outside of the District government with no expenditure or revenue impact to the local budget and financial plan.

Subtitle C – Continuing Basis Definition Amendment Act of 2003:

Background

The proposed title amends D.C. Official Code § 42-2801 so that the Housing Production Trust Fund provides assistance under the provisions of "continuing affordability" for a period of 30 years on rental units, and 5 years on units for purchase. The program provides financial assistance to qualifying individuals.

Provisions of the proposed title will not require the Department of Housing and Community Development (DHCD) to monitor for assurance that developers of affordable housing maintain low- and middle-income owner-occupied single family units if:

- ◆ The rehabilitation of the unit receives assistance from loans and grants from the Housing Production Trust Fund;
- ◆ Programs are implemented through the Homestead Housing Preservation Act; or
- ◆ Other statutory programs.

Financial Plan Impact

The proposed title has no impact on the District's budget and financial plan. The title requires no additional staff or resources to implement.

Subtitle D – Redevelopment Act Amendment Act of 2003:

Background

The proposed title makes technical changes to statutes that govern the authority of the Redevelopment Land Administration Revitalization Corporation (RLARC). Most notable are:

- ◆ Requiring RLARC to file offers for purchase of property with the Council for a 45-day review period;
- ◆ Requiring RLARC to prepare Approval Resolutions for sale of property, when using mechanisms other than offers for purchase, for a 45-day review period;
- ◆ Execution and reporting on "exclusive right agreements" subsequent to Council approval;
- ◆ Granting of extensions for the purpose of zoning issues, historic preservation matters, street and alley closings, abatement of environmental hazards, and seizure by eminent domain; and
- ◆ Reporting on property to Council for which a successful disposal has not been executed in a two-year period.

The purpose of the proposed title is to require RLARC to expediently dispose of property in their portfolio as well as require communication with the Council on the timeliness of these operations.

Financial Plan Impact

The proposed title is a procedural change and has no impact on the District's budget and financial plan. The proposed legislation requires no additional staff or resources to implement.

Title III – Public Education Amendments

Subtitle A – Transfer of the Educational Licensure Commission Act of 2003:

Background

The proposed title moves the educational licensure authority and operations that are currently a part of Department of Consumer and Regulatory Affairs (DCRA) to the State Education Office (SEO). In addition, all local resources that are employed to support these functions in DCRA will be moved to SEO.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Subtitle B – Uniform Per Pupil Funding Formula for the Public Schools and Public Charter Schools Amendment Act of 2003:

Background

The proposed title amends the Uniform Per Pupil Funding Formula for the Public Schools and Public Charter Schools Act of 1998 and the Special Education Act of 2000. The proposed title will revise the weighting formulas used to calculate funding for pupils in DCPS and the District of Columbia Public Charter Schools (PCS). The proposed legislation caps the funding for an individual pupil at \$6,551; an increase from the \$6,419 that was approved for FY 2003.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan. The proposed budget for DCPS and PCS includes \$685.3⁵ million as a result of the application of this increase to the funding formula.

Subtitle C – District of Columbia Public Schools Proof of Residency Amendment Act of 2003:

Background

Proof of residency impacts all applicable laws governing compulsory school attendance, school and school district enrollment, official school census operations and other purposes. The proposed title requires all persons who enroll their children in the District of Columbia Public Schools, Public Charter Schools, or Special Education Schools to provide either:

- ♦ An executed individual tax return for the District of Columbia.

Or, all of the following:

- ♦ A purchase contract, lease agreement, rent payment receipt, title, deed, mortgage statement for a District residential property bearing the parent's or legal guardian's name; or
- ♦ A written statement from the person owning the residence or residing with the parent or legal guardian at the stated residence, or a letter from a halfway house or shelter specifying that the parent or legal guardian resides at that location (on letterhead); and

⁵ The FY 2004 DCPS budget planned \$547.8 million, and the PCS budget planned \$137.5 million.

- ◆ A complete utility bill showing the parent or legal guardian's name and current address (issued within 60 days of presentation for review); or
- ◆ A written statement from the person owning the residence or residing with the parent or legal guardian at the stated residence and a copy of a valid District Driver's License or non-driver's identification card; and
- ◆ A government issued photo identification such as a valid District Driver's License, non-driver's identification card, or military identification issued by the federal government.

In addition, the proposed title amends the District of Columbia Non-Resident Tuition Act of 1960⁶ to require that all non-resident tuition payments to be equal to all costs and expenses incurred by the public schools for that pupil.

Financial Plan Impact

This title has no material impact on the cost of services provided by the District of Columbia and has no effect on local General Fund revenue.

Subtitle D – Facilities Master Plan Amendment Act of 2003:

Background

The proposed title amends the District of Columbia School Reform Act of 1995⁷ to require the Mayor and the Council to design and implement a comprehensive long-term program for repair and improvement, maintenance and management of District school facilities. Provisions of the proposed title require the Mayor and the Council to involve all of the following in the program development:

- ◆ The Master Plan Administrator (for DCPS);
- ◆ The Board of Education;
- ◆ The Public Charter School Board;
- ◆ Representatives of the public charter schools; and
- ◆ The Superintendent of Schools,

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

⁶ 74 Stat. 853; D.C. Official Code § 38-302(b); effective September 8, 1960.

⁷ 110 Stat. 1321[263]; D.C. Official Code § 38-1805.52(a)(1); effective April 26, 1996.

Subtitle E – Public Charter School Facilities Preference Amendment Act of 2003:

Background

The proposed title amends the District of Columbia School Reform Act of 1995⁸ to require the District to give the charter schools first preference in purchasing, lease transfer, or use of District property.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Subtitle F – Special Education Student Assessment, Evaluation and Placement Amendment Act of 2003:

Background

The proposed title allows public schools to increase the deadline from 60 days to 120 days to complete mandatory evaluations of public school special education pupils.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Subtitle G – District of Columbia Board of Education Budget Submission Amendment Act of 2003:

Background

The proposed title authorizes the District Board of Education to allocate all funds in future budget submissions. The proposed title requires the Mayor to submit to the school board no later than 5 weeks before the required deadline of the annual submission of the Mayor's proposed budget and financial plan, the budget mark or base total for schools. By March 1 of every year the school board must submit the detail for the allocation of the budget base total to the Council. The proposed title requires that the school board submission of their proposed budget and financial plan contain a particular detail for spending by school.

⁸ 110 Stat. 1321[244]; D.C. Official Code § 38-1802.09(b); effective April 26, 1996.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Subtitle H – District of Columbia Public Schools Schedule “A” Act of 2003:

Background

The proposed title requires DCPS to submit a schedule “A” to the District Board of Education on January 1st and July 1st of every year. The schedule “A” is a detail of all the current, funded personnel positions for the schools, associated compensation levels, and a determination of encumbrance (i.e. filled or unfilled, full-time, part-time, or percentage of the workday). The school board is required to approve or disapprove the schedule within 30 days from the submission. The school board is required to transmit the document to the Council upon approval.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title IV – Office of Administrative Hearings Amendment Act of 2003:

Background

The proposed title will establish DCRA as the authority to conduct hearings and adjudicate special education cases. This authority and related functions is being removed from DCPS. However, the proposed title may only be fully implemented 180 days after the Mayor's appointment of a Chief Administrative Judge for the Office of Administrative Hearings (OAH).

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The proposed title will result in an intra-District transfer of \$1.866 million from DCRA to DCPS in operational budgetary authority so that DCPS can perform these operations until OAH can begin hearing cases.

Title V – Emergency and Non-Emergency Number Telephone Calling Systems Fund Amendment Act of 2003:

Background

The proposed title amends the Emergency and Non-Emergency Number Calling Systems Fund Act of 2000 to require local exchange carriers to pay the wireline E-911 exchange rate for every landline telephone sold or leased. Payment will be required to be forwarded to the District quarterly. Additional provisions of the proposed title contain reporting and expense analysis to be submitted to the Council by the Mayor.

In addition, the proposed title exempts positions funded by the E-911/311 non-tax revenue account from hiring freeze requirements in FY 2004.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan because no additional staff or resources will be required. The Office of the Chief Technology Officer (OCTO) has stated that the full implementation of the proposed title will result in an additional \$1 to \$2 million in dedicated non-tax revenue from sources that are currently immune to these payments under current law. Funds deposited into the dedicated non-tax account will be expended to offset the costs of E-911/311 personnel and systems.

It should be noted that the Government Accounting Office (GAO) actively opposes all such charges described here and ruled against them as they are currently imposed⁹ on the client/user account. GAO ruled the E-911 fee a tax and the Government Services Administration subsequently invoked federal immunity. Taxing the federal government through a surrogate precludes the District Chief Financial Officer from suggesting that the District plan to expend against this new revenue source until invoiced funds are collected and not the subject of refund litigation.

Title VI – Public Works, Environmental, and Motor Vehicle Amendments

Subtitle A – Abandoned and Junk Vehicle Division Fund Amendment Act of 2003:

Background

The proposed title authorizes the Abandoned and Junk Vehicle Division (AJVD) of the Department of Public Works (DPW) to dissolve the Abandoned and Junk Vehicle Division Fund. The proposed title requires that all proceeds that would have been deposited into the fund be made local General Fund revenue.

⁹ GAO Correspondence B-288161; April 8, 2002.

Financial Plan Impact

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan to implement the proposed legislation. DPW will not require any additional staff or resources to implement the provisions of the proposed legislation.

Although the AJVD enterprise¹⁰ that funds these operations has a history of deficits, the proposed legislation makes no statutory alterations that would change DPW's financial condition. DPW will continue to be required to absorb all costs from their overall agency staff and funding resources.

Subtitle B – Water Pollution Control Amendment Act of 2003:

Background

The proposed title would establish two new dedicated non-tax accounts. The first is for wetland and stream mitigation; and the second is for water well maintenance. In addition, the proposed title will abolish an obsolete water pollution control fund. The proposed title revises the type of dredge and fill activities allowed in wetlands and authorize payments into the dedicated account in lieu of repairing damage to a wetland. It also would authorize the following:

- ◆ Regulation of water wells;
- ◆ Collection of fees and reimbursement for water well permits and inspections;
- ◆ Judicial procedures for water well inspection; and
- ◆ Sanctions for non-compliance.

The proposed title would establish the fines for initial violations of the water well regulation components of this title of \$5,000 and/or imprisonment for 90 days and for subsequent violations, \$10,000 and/or imprisonment for up to one year.

Financial Plan Impact

Funds are sufficient to implement the proposed title because no additional staff or resources will be required. Revenue would be generated; however, the amount of fees, fines, and reimbursements, as well as the amount of payments made to the wetland and stream mitigation account, cannot be estimated at this time.

The proposed title would establish two dedicated non-tax accounts, thus dedicating revenue generated by the program to fund the program's operations. It is the policy of the District government to limit this practice to cases where the program funding cannot

¹⁰ D.C. Official Code Title 50 § 2404 "Abandoned and Junk Vehicle Division Fund."

be properly accommodated through the local fund budget process. Dedicated revenue, including dedicated non-tax accounts, do not promote sound budgeting and spending practices because they reduce the District's flexibility to address current and future priorities, eroding the integrity of the General Fund. In this case, if any funds lapse to the local General Fund it may not occur before two years have passed since collection.

Subtitle C – Local Roads Construction and Maintenance Fund Amendment Act of 2003:

Background

The proposed title makes a technical amendment to correct an antiquated agency structure that had the Department of Public Works (DPW) as the host agency of the District Department of Transportation (DDOT). The amendment makes DDOT the authority for administering the referenced fund independent of DPW.

In addition, the proposed title limits amounts to be deposited into the Local Roads and Construction Maintenance Fund to \$30 million. Excess of revenue collected by this dedicated non-tax account are to lapse in the District's local General Fund at the end of every fiscal year. These provisions will not apply when the total amount of non-special purpose local funds, obligated via Highway Trust Fund (HTF) dollars, equals or exceeds \$30 million for a particular fiscal year.

The proposed title requires the Mayor to submit to the Council a spending plan for Local Roads and Construction Maintenance Fund. The plan is to be submitted to the Council by October 1 of every year.

If local road HTF funding levels trigger certain funding provisions, the proposed title will direct collections of the following revenue beginning on October 1, 2003:

- ◆ Thirty-three percent of public space rental proceeds;
- ◆ Fifty percent of taxes imposed on parking or the storage of vehicles; and
- ◆ Fifty percent of the proceeds collect from parking meters.

On October 1, 2004 the portion collected from public space rentals will be increased to fifty percent, and the portion collected from parking meters will be increased to seventy-five percent.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The proposed title impacts legal procedures that are tied to and govern the relationship between DPW and DDOT, and the statutory treatment of each agency's

overall authority. In the future DPW and DDOT will be legally separate garnering all discretionary authority in of themselves and independent of each other.

Provisions of the proposed title, if triggered, that require re-classification of money in the General Fund will be deposited into the local roads program of DDOT up to a limit of \$30 million. All diverted revenue in excess of \$30 million will remain in the District's local General Fund.

Subtitle D – Department of Motor Vehicles Destiny Staffing Amendment Act of 2003:

Background

The proposed title amends the Establishment of the Office of the Chief Technology Officer Act of 1998¹¹ to de-couple the Department of Motor Vehicles (DMV) systemic operations (known as Destiny) from the authority and administration of the Chief Technology Officer.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because this title has no material impact on the cost of services provided by the District of Columbia and has no effect on local General Fund revenue.

Subtitle E – Position Reclassification of Department of Motor Vehicles Staff Amendment Act of 2003:

Background

The proposed title requires the Mayor and the Director of DMV to complete a position and staff control study. The deadline for completion of the study is November 1, 2003.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

¹¹ D.C. Law 12-175; D.C. Official Code § 1-1403(9); effective March 26, 1999.

Title VII – Fire and Emergency Medical Services Training Act of 2003:

Background

The proposed title would establish a Fire and Emergency Medical Services Training Academy Fund. The fund would receive revenue from tuition payments and other fees received by the Department of Fire and Emergency Medical Services (Fire/EMS) for training programs and seminars provided to non-District government agencies, organizations and individuals. All funds deposited can be expended to cover the costs of the training programs without current fiscal year limitations. However, unexpended funds would lapse at the end of the subsequent fiscal year to the General Fund.

The Fire and Emergency Medical Services Training Academy is currently financed with appropriated funds of approximately \$1.5 million for personal services costs and \$500,000 for non-personal services costs (\$200,000 of which automatically go to the University of the District of Columbia for a post-secondary education program) in FY 2003. Currently, the training courses and seminars are only offered to District employees and generate no revenue.

Financial Plan Impact

The proposed title would result in an additional \$260,000 over the FY 2004 through FY 2007 period. Fire/EMS would offer its training programs and presentations to non-District government employees from other jurisdictions, charging on a per course basis, to generate the additional revenue. Fire/EMS would deposit the revenue generated from the fees for the programs and seminars into the Fire and Emergency Medical Services Training Academy Fund to cover costs.

According to Fire/EMS, a variety of seminars, hands-on training, and certification courses would be opened up to employees of other jurisdictions to generate the anticipated revenue. In the first full year of implementation, the training programs are expected to generate approximately \$50,000 in new revenue with an expected annual increase of 20 percent for FY 2005 and FY 2006. Revenue projections are detailed in the table in Figure 2 and are based on assumptions of the number of course offerings and participation in the region.

Figure 2.

Estimated Impact to the Financial Plan				
(\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4 - Year Total
\$0.05	\$0.06	\$0.07	\$0.08	\$0.26

It should be noted that this revenue, although new, is earmarked and cannot be appropriated for other District operations. The proposed title would establish a dedicated non-tax account, thus temporarily dedicating revenue generated by the program to fund the program's operations. It is the policy of the District government to limit this practice to cases where the program funding cannot be properly accommodated through the local fund budget process. Dedicated revenue, including dedicated non-tax accounts, do not promote sound budgeting and spending practices because they reduce the District's flexibility to address current and future priorities, eroding the integrity of the General Fund. In this case, if any funds lapse to the local General Fund it may not occur before two years have passed since collection.

Title VIII - District of Columbia Supply Schedule (DCSS) Sales Discount and Operating Fund Amendment Act of 2003 Act of 2003:

Background

The proposed legislation would establish a non-lapsing non-reverting dedicated fund called the Supply Schedule Sales Discount and Operating Fund. The purpose of the fund is to receive revenue in the form of purchasing discounts that are the result of transactions executed under the District of Columbia Supply Schedule (DCSS) vendor awards. The proposed legislation would require that discounts on charges for any sale, volume sale, purchase orders, delivery orders, task orders, and purchase card transactions be deposited in the new fund. Revenue deposited in the dedicated account would be used to fund the DCSS operations in the Office of the Chief Procurement Officer (OCPO). Funds collected are to support DCSS operations in the following fiscal year from which they were deposited. Any unexpended funds would revert to the local General Fund revenue for the next fiscal year.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan because the proposed title will require no additional staff and resources to implement. **However, the proposed legislation would preclude District agencies from benefiting from supply schedule savings, discounts or rebates and, instead, would temporarily direct those monies to a dedicated non-tax revolving account for OCPO and then to the District's General Fund.**

The proposed title would establish a dedicated non-tax account, thus temporarily dedicating revenue generated by the program to fund the program's operations. It is the policy of the District government to limit this practice to cases where the program funding cannot be properly accommodated through the local fund budget process. Dedicated revenue, including dedicated non-tax accounts, do not promote sound budgeting and spending practices because they reduce the District's flexibility to address current and future priorities, eroding the integrity of the General Fund. In this case, if

any funds lapse to the local General Fund it may not occur before two years have passed since collection.

Title IX – Child Support Enhancement Program Funding Amendment Act of 2003:

Background

The proposed title would formally designate revenue received by the District under part D of Title IV of the Social Security Act as dedicated non-tax revenue with carryover authority, without reference to the year in which such revenue is received. Title IV-D funds received by the Office of Corporation Counsel's (OCC) Child Support Enforcement Division (the District's Title IV-D agency) include performance incentive payments, child support collections and reimbursements, and fees received in connection with the operation of the program. This revenue which is a little more than \$15 million per year is already deposited into existing dedicated non-tax fund. The proposed legislation provides statutory authority to clarify that this revenue will continue to be designated as dedicated non-tax revenue.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XI – Performance and Financial Accountability Amendment Act of 2003:

Background

The purpose of the proposed title is to require the Mayor to submit a performance-based budget for 15 additional agencies by July 10, 2003 other than the following agencies for which the requirement is already statutory:

- ◆ Metropolitan Police Department;
- ◆ Department of Transportation;
- ◆ Department of Human Services;
- ◆ Fire and Emergency Medical Services Department;
- ◆ Department of Motor Vehicles;
- ◆ Office of the Chief Financial Officer; and
- ◆ Department of Public Works.

All budgets must meet review and approval requirements defined by the proposed title. In addition, the Mayor is required to submit an additional 20 agencies for FY 2005, and the balance of the District's agencies for FY 2006.

For FY 2006, provisions of the proposed legislation give the District Chief Financial Officer discretion in determining the appropriateness for a particular agency to be required in whole or in part, to abide by any or all of the requirements for performance-based budgeting. The underlying assumption is that scope and scale of all District agency operations may not perfectly fit into all reporting attributes for performance-based budgeting. The District Chief Financial Officer would then require only what is practical to report.

All agencies for which performance-based budgeting is statutory will be required to submit their business prior to January 31st of every year. The City Administrator and the District Chief Financial Officer will be required to make available to any interested party electronic copies of the business plans that are submitted for these hearings and display them on the government's Internet website.

Financial Plan Impact

The proposed FY 2004 through FY 2007 budget and financial plan has sufficient resources to implement the components of the proposed legislation. Appropriated funds and staff are provided to the Office of Budget and Planning.

Title XI – Washington Convention Center Marketing Amendment Act of 2003:

Background

The proposed title designates the Washington D.C. Convention and Tourism Corporation as the primary contractor for marketing the new convention center for the purpose of engaging meetings and conventions and facilitating hotelier services and accommodations.

In addition, the proposed title designates the D.C. Chamber of Commerce as the primary contractor to promote local, small, and minority businesses in the District's hospitality industry.

Financial Plan Impact

The proposed title is a procedural change and has no impact on the District's budget and financial plan. The proposed legislation requires no staff or resources to implement.

Title XII – Fiscal Year 2005 Budget Submission Amendment Act of 2003:

Background

The purpose of the proposed title is to impose a 3.5 percent spending increase limitation on the submission of the Mayor's FY 2005 proposed budget and financial plan.

Financial Plan Impact

This title has no material impact on the cost of services provided by the District of Columbia and has no effect on local General Fund revenue.

Title XIII – Public Planning Capital Project Act of 2003:

Background

The proposed title establishes a public planning dedicated non-tax discretionary fund in FY 2005 for capital projects. The purpose of the fund is to cover the costs of public planning studies and recommendations for proposed capital projects that will be funded or guaranteed in part or in whole by the District.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan. The Office of Planning (OP) has the staff and resources needed to implement the proposed title.

The proposed title would establish a dedicated non-tax revenue account, thus dedicating revenue generated by the program to fund the program's operations. It is the policy of the District government to limit this practice to cases where the program funding cannot be properly accommodated through the local fund budget process. Dedicated revenue, including dedicated non-tax accounts, do not promote sound budgeting and spending practices because they reduce the District's flexibility to address current and future priorities, eroding the integrity of the General Fund.

Title XIV – Master Facilities Planning and Program Coordination Advisory Committee Act of 2003:

Background

The proposed title establishes a committee and charges the organization with examining the current District facilities use practices for the purposes of recommending improvements. The proposed title provides guidance for determining the size and attributes of persons serving on the committee.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources

will be required. The mayor will be required to remain within existing resources for the support of the commission.

Title XV – Medicaid and Tobacco Funding Amendment Act of 2003:

Background

The proposed title requires the tobacco settlement revenue, as well as interest and savings from debt defeasement, be deposited into the Medicaid and Special Education Reform Fund. This amount is estimated to be approximately \$55 million in FY 2004.

In addition, the proposed title increases the administrative expenses spending level for the Tobacco Settlement Trust Fund Board from \$1,000 to \$10,000 for FY 2004.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XVI – Department of Health Functions Clarification Amendment Act of 2003:

Background

The proposed title suspends collections deposited into the Health Science Regulation Funds administered by the Mayor as Department of Health (DOH) and Department of Human Services (DHS) agency funds. By suspending the dedicated non-tax collections funds will now be General Fund revenue for FY 2004. The non-lapsing, revolving account is the repository for fees received for laboratory services to conduct analysis of cases pertaining to lead poisoning, tuberculosis, rabies, sexually transmitted diseases and many other matters.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The proposed title will result in transferring \$4 million from dedicated non-tax accounts to the General Fund for FY 2004.

Figure 3.

Projected Increase to Local General Fund Revenue (\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4-Year Total
\$4.0	\$0.0	\$0.0	\$0.0	\$4.0

XVII – Residency Requirement for Individual Training Accounts Funded by the Workforce Investment Act Amendment Act of 2003:

Background

The U.S. Department of Labor, Employment and Training Administration began granting awards to the District¹² for committing to implement a program to administer and deliver Individual Training Accounts (ITAs) to eligible persons who apply and agree to participate.

ITAs are intended to deliver services to adults and dislocated workers by enabling the participant to choose occupational and job skills training providers. The government counselor performs a needs assessment that evaluates the participant's skill level, current marketability, and financial need. When a participant is deemed eligible, he or she is recommended to receive an ITA. The participant can then choose an appropriate training provider from an Eligible Provider List.

The proposed title requires all persons who receive an ITA as prescribed in the local Workforce Investment Implementation Act of 2000¹³ be bona fide residents of the District of Columbia.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XVIII – Department of Corrections Procurement of Jail Bed Space Amendment Act of 2003:

Background

The proposed title requires that \$1.43 million of the Department of Corrections (DOC) FY 2004 appropriations be used to procure bed space for prisoners of the Central Detention Facility of the D.C. Jail.

¹² The federal government commenced implementing the program for all states on September 7, 2000.

¹³ D.C. Law 13-150; D.C. Official Code § 32-1601 *et seq.*; effective July 18, 2000.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XXIX – Transfer of “Other” Type Funds Amendment Act of 2003:

Background

The proposed title removes a \$9.5 million limitation on the transfer of dedicated non-tax funds to the District's local General Fund without regard to particular use or dedication. In addition, the proposed title makes mandatory the District's Chief Financial Officer to certification and reporting on each transfer. Currently such reporting is discretionary.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The proposed title may result in an increase in local General Funds thus giving the District's decision-makers increased flexibility and discretion in pre-determining the financial support behind general District government operations.

Title XX – Disability Compensation Program Transfer Amendment Act of 2003:

Background

The proposed title transfer all functions, records, budget and staff of the District of Columbia Government Employees Disability Compensation Program from the Office of the City Administrator to the District of Columbia Office of Personnel. The proposed title is effective October 1, 2003.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XXI – Inheritance and Estate Tax Parity Amendment Act of 2003:

Background

The proposed title increases the local estate taxation threshold from \$675,000 to \$1,000,000.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The proposed title may result in foregone local General Funds of approximately \$100,000 per year. The table in Figure 4 presents the foregone inheritance tax revenue.

Figure 4.

Foregone Revenue Impacting the Local General Fund (\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4-Year Total
\$0.10	\$0.11	\$0.11	\$0.12	\$0.43

However, revenue estimates used to assist District budgetary development have assumed the full implementation of the Act. The net impact of this title is zero because reduced budgetary resources were neutralized by reduced budgetary expenditures.

Title XXII – Metropolitan Police Department Program-Based Budget Amendment Act of 2003:

Background

The proposed title dictates how the budget for the Metropolitan Police Department (MPD) is structured when it is submitted for FY 2004. The purpose is to illustrate the funding by the following categories:

- ♦ Agency Management Program;
- ♦ Regional Field Operations;
- ♦ Special Field Operations;
- ♦ Public Safety Communications Center;
- ♦ Police Business Services; and
- ♦ Organizational Change and Professional Responsibility.

The purpose of the proposed title is procedural and dictates how budget development for MPD is to be organized for review by District decision-makers.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XXIII – Life Insurance Amendment Act of 2003:

Background

The Life Insurance Amendment Act of 2003 repeals Section 10 of the Life Insurance Act of 1934, which outlines general requirements for group life insurance policies. The proposed title also amends Section 11 of the Life Insurance Act of 1934 to eliminate an exemption from certain provisions for policies issued to a creditor to insure debtors of such creditor. The proposed title will result in a remaining group of statute that clarifies the following:

- ◆ The statutory relationship between individual life and group life policies;
- ◆ The requirements for group life policies; and
- ◆ The authority to regulate group life plans for the District's Commissioner of Insurance and Securities Regulation.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources are required.

Title XXIV – Klingle Road Restoration Act of 2003:

Background

The proposed title would result in the District Department of Transportation (DDOT) undertaking a number of studies to be performed on a 0.7 mile length of Klingle Road, N.W., between Porter Street, N.W., and Cortland Place, N.W. The purpose of the studies is to support an initiative that will require the subject property to be restored to vehicular traffic, public recreational use and hiker-biker trail.

Financial Plan Impact

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan. The proposed title approves \$5.7 million in capital funding for the remediation of Klingle

Road to a return as a vehicular right-of-way. In addition, the proposed title will result in costs to conduct four studies having to do with hydraulics and hydrology, storm water management, environmental assessment and possibly impacts, and a transportation study. Funds are available in existing capital appropriations earmarked for use by DDOT for Klinge Road and can be used to finance the costs of the studies. The costs for the studies required by the proposed legislation are not expected to exceed \$450,000.

Title XXV – Criteria for Spending Pay-As-You-Go Funding Act of 2003:

Background

The proposed title requires the District Chief Financial Officer to certify whether Capital Financing Pay-As-You-Go funding in the amount of \$8.597 million may be made available. The proposed title requires that funds for the following programs be allocated in the following manner:

- ♦ Funding 100 new police officers to meet a goal of 3,700 for MPD at \$1.097 million;
- ♦ Increasing staff at the Child and Family Services Agency (CFSA) at \$2.5 million;
- ♦ Court mandated costs for foster care homes with the Youth Services Administration (YSA) at \$3.0 million; and
- ♦ Court mandated staff hiring expenses with the Department of Mental Health (DMH) at \$2.0 million

The District Chief Financial Officer has the responsibility of insuring that Pay-As-You-Go funding will not to be made available for re-allocation to other District programs under this Act's authority as long as the above requirements have not been completely fulfilled.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because this title has no material impact on the cost of services provided by the District of Columbia and has no effect on local General Fund revenue.

Title XXVI – Substance Abuse Program for Youth Amendment Act of 2003:

Background

The proposed title approves the Substance Abuse Treatment Funding Plan, which would incorporate all Addiction Prevention and Recovery Administration (APRA) funding for substance abuse treatment into the Addiction Recovery Fund established by Section 5(a)

of the Choice in Drug Treatment Act of 2000. In FY 2002, \$7.5 million was provided to establish the fund, with \$2 million earmarked for a two-year substance abuse pilot program for youth. The plan includes a commitment by APRA to provide the Council with a detailed fiscal year-end report for FY 2003 on the Drug Treatment Choice Program. APRA is committing to transmitting the report by November 15, 2003.

Provisions of the proposed title require that the program provide at a minimum 375 slots in the pilot program for residential treatment and further dedicates 100 of those slots for priority cases for youths under the care of YSA. The proposed title requires immediate implementation with the 100 slots to be made available by October 31, 2003.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. The plan is a detail of the expenditure strategies and allocation of existing funds.

Title XXVII – Day Care in Schools Eligibility Requirement Amendment Act of 2003:

Background

The proposed title authorizes the transfer of \$6 million from the Department of Human Services (DHS) to the District of Columbia Public Schools (DCPS) for the purpose of funding after school child day care programs. Eligible pupils would have to meet the following requirements to enter the day care program:

- ◆ Eligibility for Temporary Assistance for Needy Families (TANF);
- ◆ Verification of family income;
- ◆ Prioritization for entrance based on TANF participation; and
- ◆ Remaining available slots will be governed by a sliding scale currently established in the law.

Provisions of the proposed title require documentation for each child enrolled in the program and regular reporting on the expenditure of proceeds transferred to DCPS for these purposes.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title. DCPS will be required to remain

within the constraints of funding sources for the proposed program when implementing the Act's provisions.

Title XXVIII – Department of Employment Services Budget and Full-Time Equivalent Authority Act of 2003:

Background

The proposed title dictates the overall budget for the Department of Employment Services. Provisions of the Act require the following:

- ◆ The agency will budget no more than 551 Full-Time Equivalent (FTE) positions;
- ◆ A total budget of \$87,613,000 will be allocated as follows:
 - \$31,635,824 for Personal Services budget authority; and
 - \$55,924,229 for non-personnel services budget authority, including no less than \$35,430,176 for subsidies and transfers.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XXVIX – Contracts Savings Act of 2003:

Background

The proposed title requires the Mayor to create a minimum of \$10 million in contractual savings in the total estimated costs of all District government contracts during FY 2004. The proposed title requires that the savings be allocated in the following manner:

- ◆ \$621,000 for Government Direction and Support;
- ◆ \$160,000 for Economic Development and Regulation;
- ◆ \$2,152,000 for Public Safety and Justice;
- ◆ \$2,879,000 for the Public Education System;
- ◆ \$3,280,000 for Human Support Services; and
- ◆ \$928,000 for Public Works.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required.

Title XXX – Neighborhood Safety Act of 2003:

Background

The proposed title requires the Chief of the Metropolitan Police Department to deploy a minimum of 62 percent of the sworn compliment of uniformed police officers to patrol duties in the District's Patrol Service Areas (PSAs). Provisions of the proposed title require that they remain at their assigned duty areas unless officially responding to an emergency. Provisions of the proposed title further govern the allocation of personnel in the PSAs.

Financial Plan Impact

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed title because no additional staff or resources will be required. MPD will be required to remain within their existing resources when implementing the provisions of the proposed title.

SUMMARY

Provisions of the proposed legislation will result in a re-classification of dollars in the General Fund. The table in Figure 6 presents the net impact.

Figure 5.

Funds Converted from Local to Proprietary					
(\$ in millions)					
Item	FY 2004	FY 2005	FY 2006	FY 2007	4 -Year Total
Title II Sale of Bundled Property	\$1.00	\$1.00	\$1.00	\$1.00	\$4.00
Title V E-911	TBD	TBD	TBD	TBD	TBD
Title VI (B) Wetland & Stream	0.00	0.00	0.00	0.00	0.00
Title VI (C) Local Roads	TBD	TBD	TBD	TBD	TBD
Title VII Fire Academy	0.05	0.06	0.07	0.08	\$0.26
Title VIII DCSS Discount	TBD	TBD	TBD	TBD	TBD
Title IX Child Support Enforcement	\$15.00	\$15.00	\$15.00	\$15.00	\$60.00
Title XVII Planning Fund	0.00	TBD	TBD	TBD	TBD
Dedicated Non-Tax Fund Total	\$16.05	\$16.06	\$16.07	\$16.08	\$64.26

The table in Figure 6 presents a summary of the net impact of the proposed legislation to the proposed FY 2004 through FY 2007 budget and financial plan including new local General Fund revenue and new dedicated non-tax revenue.

Figure 6.

Net Impact on the Financial Plan (\$ in millions)					
Item	FY 2004	FY 2005	FY 2006	FY 2007	4 -Year Total
Title V E-911/311 Fund	TBD	TBD	TBD	TBD	TBD
Title VII Fire Academy	\$0.05	\$0.06	\$0.07	\$0.08	\$0.26
Title XIII Public Planning Fund	0.00	TBD	TBD	TBD	TBD
Title XXIV Health Science Regulation	4.00	0.00	0.00	0.00	4.00
Dedicated Non-Tax Fund Subtotal	\$4.05	\$0.06	\$0.07	\$0.08	\$4.26
Title XVII Planning Fund	0.00	TBD	TBD	TBD	TBD
Title XXIV Health Science Regulation	(4.00)	0.00	0.00	0.00	(4.00)
General Fund Local Type Subtotal	(\$4.00)	\$0.00	\$0.00	\$0.00	\$4.00
Net Annual Impact	\$0.05	\$0.06	\$0.07	\$0.08	\$0.26

mrj

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.